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## **Standing Committee on Transport, Infrastructure and Communities**

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**EVIDENCE**

**Monday, March 26, 2007**

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**Chair**

**Mr. Merv Tweed**

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## Standing Committee on Transport, Infrastructure and Communities

Monday, March 26, 2007

• (1530)

[English]

**The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)):** Welcome, everyone, to the Standing Committee on Transport, Infrastructure and Communities, meeting number 41, pursuant to Standing Order 108(2), a study on Canada Post.

Joining us today for the first hour, we have Deborah Bourque, Gwyneth Howell, Gordon Taschuk, and Evan Zelikovitz. What we normally do is have a brief presentation, and then we ask members to go around the table for questions.

Monsieur Bélanger, on a point of order.

**Hon. Mauril Bélanger (Ottawa—Vanier, Lib.):** First, I have a question, if I may. Is it your intention to carry on with our witnesses today—including the entire meeting—in any way different from the way we have in past meetings?

**The Chair:** I know there was a motion passed, and I suspect we should deal with that. The original motion of the subcommittee was to have a swearing-in process.

**Hon. Mauril Bélanger:** Mr. Chairman, I would like to move that today's witnesses not be sworn in, and I would like to speak briefly to that.

• (1535)

**The Chair:** Sure.

**Hon. Mauril Bélanger:** I want to make sure our colleagues are familiar with the normal circumstances in terms of witnesses appearing before committees. Our rules are very clear, in that “under normal circumstances”—I’m quoting Marleau and Montpetit here —“witnesses are not sworn in”. Basically, that has become the default position of this committee, because at meetings I've always been at, that's what we've done.

I understand, and so do Marleau and Montpetit, that it is entirely at the discretion of the committee. A verification of past minutes or available minutes of this committee would indicate that there has been no such discussion at public meetings of the committee. That is my second reason, that any such decisions, in my view, should be made in public discussion. Decisions to swear in witnesses should be made in an open meeting.

I believe also, Mr. Chairman, it's not necessary, and here again I'll quote Marleau and Montpetit:

Likewise, the refusal to answer questions or failure to reply truthfully may give rise to a charge of contempt of the House, whether the witness has been sworn in or not.

We are not a court of law, Mr. Chairman, and if we're going to go that route, which is to have people take oaths—because you're then invoking perjury—you'll have an ultimate question that this committee has never dealt with, which perhaps we'll have to, and that is, whether or not we'll be providing counsel to our witnesses. We're entering into another area of the law here. It's no longer contempt of Parliament. We're talking about the Criminal Code.

The normal behaviour is that we trust our witnesses to speak openly and truthfully, unless there's any evidence to the contrary, and in this case and in the case of all our witnesses today, none is known, and moreover, none has been offered. So in the spirit of natural justice and common courtesy, I think to proceed as usual—that is, not to swear in witnesses—would be the appropriate thing for this committee to do.

**The Chair:** Can I ask, then, Monsieur Bélanger, if what you're proposing is that we rescind the motion of the subcommittee?

**Hon. Mauril Bélanger:** I don't believe, Mr. Chairman, that the full committee adopted that in public—

**The Chair:** True.

**Hon. Mauril Bélanger:** —and that is where I'm going.

**The Chair:** All right.

Mr. Jean, do you have a comment?

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** That sounds fine to me.

**The Chair:** Monsieur Laframboise.

[Translation]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** I do not want us to waste any time. I want us to spend all our time in discussions. I have the feeling that the Liberals want to make some statements or delay today's discussions. I have no intention of unduly delaying our discussions.

[English]

**The Chair:** All right. Well, then, if it's the agreement of the committee, we'll proceed.

**Mr. Brian Jean:** We should probably vote on that.

**The Chair:** Unless you want to have a public motion....

**Hon. Mauril Bélanger:** I move that the witnesses not be sworn in.

**The Chair:** Okay, the motion is that we proceed in the normal fashion.

(Motion agreed to)

**The Chair:** Now, going back to our witnesses, thank you for your patience. I don't know if you have an order in which you'd like to start, but you have about a seven-minute presentation and then we'll go to the questioning.

Ms. Howell, go ahead, please.

**Mrs. Gwyneth Howell (Executive Director, Canadian International Mail Association):** Thank you, Mr. Chairman.

My name is Gwyneth Howell and I'm the executive director of the Canadian International Mail Association, CIMA. I'm joined here today by my colleague and CIMA member Mr. Gordon Taschuk, from British Columbia, and by Mr. Evan Zelikovitz, CIMA's public affairs consultant.

On behalf of CIMA I want to thank the chairman and committee members for inviting us here today to discuss this very urgent and time-sensitive matter. At stake is the imminent collapse and elimination of an industry more than 20 years old, made up of hundreds of small businesses and thousands of jobs from across the country, as a result of Canada Post's efforts to expand—not maintain, but expand—its exclusive privilege to include the delivery of mail to any destination outside of Canada.

CIMA is a coalition of Canadian companies that participates within Canada's international mail services industry in preparing, designing, translating, sorting, printing, and delivering letter mail—mail weighing 500 grams or less—to destinations outside of Canada.

Mr. Chairman, the international mail industry is not well known, but its participants are. This industry significantly contributes to the Canadian economy, resulting in hundreds of millions of dollars in economic activity. Many Canadian businesses are involved in preparing and delivering international mail, businesses such as Mr. Taschuk's firm, Kirk Integrated Marketing, which specializes in mail preparation services. Literally hundreds of other printers, lettershops, mail houses, direct marketers, envelope manufacturers, transportation companies, and international mail delivery companies—and thousands of jobs—are threatened by Canada Post's efforts to shut down this industry.

Mr. Chairman, after more than 20 years of accepting the existence of private international mailers, three years ago Canada Post brought an application before the Ontario Superior Court of Justice seeking a narrow interpretation of the exclusive privilege provisions of the Canada Post Corporation Act, claiming that Canada Post is the only entity that can deliver mail within Canada and to destinations outside of Canada. In legally interpreting the words of the statute, the court ruled in favour of Canada Post and exercised its discretion to ignore all issues relating to public policy and Canada Post's historical behaviour.

Mr. Chairman, while we respect the role of the courts, it's for the members of this committee of the House to rule on what the act intended to do. Respectfully, we find it hard to believe that parliamentarians meant to kill Canadian jobs, the very same jobs that Canada Post allowed and acknowledged for over 20 years. This is really about public policy, competition, and fairness. CIMA and its members have been having this discussion for over a year and a half now with government and industry stakeholders, and we have been

overwhelmed by the unequivocal support we have received from the vast majority of your parliamentary colleagues across all parties, including Minister Cannon and the Prime Minister's Office, and from numerous national and regional business groups representing a variety of industries right across the country.

We have had this strong non-partisan support now for several months, yet still await government action to fix this injustice. The market that we have worked so hard to develop and grow in Canada is about to be taken from us, forcing hundreds of Canadian businesses to reduce or shut down their operations, or move their businesses out of Canada completely, to other countries that allow such private competition.

Who will benefit after our industry is shut down? Ironically, it will not be Canada Post. Presently, Canada Post's international rates are, for the most part, simply not competitive for many foreign destinations. I would note that Canada Post has recently been offering some very competitive international rates in certain parts of the country. That's fine with us; it's called competition, and we welcome that.

But, Mr. Chairman, it's not just about rates; our customers come to us because we have an expertise beyond mailing. If our customers lose their conduit to mail their international pieces, most will leave Canada and take their business with them—to a U.S. printer, a British lettershop, or another international mail company. They won't take their business to Canada Post, although some, Mr. Chairman, will be forced to, like the numerous federal government departments who, ironically, have been using our private international mail services for years. As well, in the course of shutting us down, Canada Post will also lose the revenue they presently receive from us; one of our members has indicated that it alone gives approximately \$5 million to \$10 million in inbound revenues a year to Canada Post, and that's just one company. We all do business with Canada Post.

● (1540)

Mr. Chairman, Canada Post has been well aware of this industry for quite some time. It has for years acknowledged and legitimized our right to operate. In a 1988 internal Canada Post publication entitled *Manager*, Canada Post specifically stated, and I quote: "Outbound mail is not protected by exclusive privilege." I don't think this statement could be any clearer. I repeat: "Outbound mail is not protected by exclusive privilege." It was this type of information that the courts chose to ignore.

Four years later the 1992-93 Canada Post annual report stated: "Some outbound mail business lost to crossborder mailers over time has been regained in many market segments—government, finance, education and others."

Mr. Chairman, there was no mention of illegality or a contravention of the act, but rather a public recognition that Canada Post was making headway in competing for this business. These examples point to a serious inconsistency in Canada Post's position. Even worse, Canada Post is presently acting in a discriminatory manner, arbitrarily choosing when and upon whom it will enforce its new-found exclusive privilege. These mixed signals are causing confusion and concern to hundreds of small businesses now forced to look over their shoulder for fear of possible reprisal from Canada Post.

Mr. Chairman, Mr. Taschuk's firm is but one of many companies looking over their shoulder. This is not the way any business should be forced to operate. The threat is often quite explicit. In a letter dated August, 7, 2006, from Canada Post to the National Association of Major Mail Users, it states:

As you can see, we have acted only in the most egregious of cases. We have not pursued nor investigated instances where, for example, a printer in Canada prints material for an American customer, transports the product across the US-Canada border, pays US taxes and duties, and deposits the items in the USPS mail stream. Given all the other priorities of Canada Post, it is not conceivable that such an investigation would even take place. Notwithstanding this, we would expect our customers to comply with the law.

Mr. Chairman, CIMA members have no idea what to make of this statement. It gives them no confidence regarding the future of their businesses.

Mr. Chairman, CUPW has recently asserted that millions of rural Canadians will be impacted and CUPW jobs will be lost if this industry is allowed to operate. This industry has not in any way resulted in poor or diminished rural mail service. Just look to the last decade and even beyond and you will see that Canada Post has recorded consistent profits all of the time when this industry was operating and growing. For more than two decades we have been operating in this industry and we have never heard claims of job losses by CUPW. Now, all of a sudden they have stepped forward claiming that we are attempting to erode Canada Post's exclusive privilege. We are doing no such thing. We are fighting to maintain the status quo.

Mr. Chairman, the only job losses that are occurring and will continue to occur are from the small businesses that operate in this industry in Canada, not from CUPW. We are not here asking for something new. We don't want any special treatment. We are asking for the ability to maintain our businesses and protect the livelihoods of our employees and maintain a competitive edge for Canada that brings foreign investment into this country. There is plenty of room in Canada for both private companies and Canada Post to compete in this market, as is the case in most other countries around the world, and which has been the case here for over 20 years.

Mr. Chairman, we have been waiting patiently for a resolution for several months, especially following Minister Cannon's statement in the House on October 26, 2006, that he would be coming forward in a few weeks with substantive steps to deal with this issue with changes that will be supported by an overwhelming majority of parliamentarians from all parties. To this end, we respectfully urge this committee to exercise its authority to prepare a report and bring a motion before the House as quickly as possible recommending the expeditious introduction of changes that will correct this injustice

and allow us to go about our business just as we have for over two decades.

Mr. Chairman, let Canadian businesses compete in the international markets and let everyone win by keeping the jobs here in Canada instead of Canada Post chasing them away.

We want to thank you for the opportunity to appear before this committee, and we would be happy to answer any questions that you might have.

• (1545)

**The Chair:** Thank you very much, Ms. Howell.

Ms. Bourque.

**Mrs. Deborah Bourque (National President, Canadian Union of Postal Workers):** Thank you.

On behalf of the Canadian Union of Postal Workers, I want to thank you very much for the opportunity to appear before this committee.

CUPW represents 54,000 workers in rural and urban communities from coast to coast to coast. A majority of our members work for Canada Post.

I'd like to begin by saying that I'm very pleased that you've asked me to talk about both international remail and rural mail delivery, because they are connected, although not complementary, concerns. As you know, the federal government has directed Canada Post to maintain and restore rural delivery while respecting all applicable laws, such as the health and safety provisions of the Canada Labour Code. While we have some concerns about implementation, we applaud the basic thrust of this directive, as well as Mr. Lui Temelkovski's motion directing Canada Post to maintain rural delivery and protect public safety, which was passed unanimously by Parliament in October.

The directive on rural mail delivery is a good decision, but one that could be completely undermined by the government's latest decision to review and possibly legislate an end to the problems facing international mailers. First, I'd like to provide you with my understanding of those problems.

International mailers, or remailers, claim that Canada Post is attempting to expand its exclusive privilege and undermine small-business people who handle international mail, even though many remailers are actually very big businesses, and some are working with large postal administrations.

Remailers in Canada collect and ship mail to other countries, usually developing countries, where the mail is processed and remailed at a lower cost. This lower cost is the result of a two-tier international mail system that is designed, in part, to address the differences between developed and developing countries. Remailers collect and ship this mail, but Canada Post has the exclusive privilege of collecting, transmitting, and delivering letters in Canada. So this is the basic problem facing remailers.

After a number of years of trying to find a solution to this problem, Canada Post took legal action against remailers and won. Some remailers were given six months to get out of the business. That's when the Canadian International Mail Association, a coalition of private Canadian and international mail companies, started lobbying members of Parliament. This lobby coincided nicely with the last election period, which the association used to demand a parliamentary review of the exclusive privilege provisions of the Canada Post Corporation Act. It took them about a year, but it looks like the association has convinced the government to review the exclusive privilege.

In December, Minister Lawrence Cannon told Parliament that he would review the problems faced by international mailers and examine legislative options. We believe that the government may undermine Canada Post's ability to provide universal postal service, particularly in rural and remote parts of the country, if it decides to satisfy the concerns of international remailers by removing international letters from Canada Post's exclusive privilege to deliver letters.

As you know, Canada Post was provided with an exclusive privilege to collect, transmit, and deliver letters, including international letters, in order to finance the corporation's universal service obligation. When members of Parliament voted unanimously in 1981 to adopt the Canada Post Corporation Act and include an exclusive privilege that would fund the universal service obligation, they were aware that universal service at a uniform rate represented a financial subsidy from urban cities to rural and isolated communities. At that time, it was estimated that the cost of servicing rural and isolated areas was six to 10 times the existing postage rate for a standard letter.

Providing universal service in a large country with a low basic postage rate, among the lowest in the G-8, is difficult at the best of times. The union is extremely concerned that a reduction in the exclusive privilege would threaten revenues and ultimately threaten public postal service and jobs.

Until recently, the government appeared to agree with this assessment. A letter from Minister Cannon's office, dated July 25, 2006 said, and I quote:

The activities of international remailers cost Canada Post millions of dollars each year and erodes the Corporation's ability to maintain a healthy national postal service and provide universal service to all Canadians.

When we discovered that the government appeared to be changing its views, we immediately wrote to say that we hoped their newly announced review would include an impact study of the options being considered and a public release of this study, as well as a full public debate on any proposals in a parliamentary vote.

• (1550)

I would like to be clear that we are opposed to the government's review and possible changes to the exclusive privilege provisions of the Canada Post Corporation Act. This act, which was the result of extensive consultation between parliamentarians, business groups, and postal unions, has not unhinged. There is no groundswell of opposition to the act. There is simply a small but very powerful campaign being conducted by competitors of Canada Post.

Our position is that Canada Post's exclusive privilege has worked well to date and should not be undermined. The exclusive privilege allows the post office to provide everyone, no matter where they live, with an effective and affordable communication and delivery system. This is no small feat in a huge country, with a population spread far and wide. Unfortunately, the government has already decided to conduct a review and consider legislative changes. Therefore it's also our position that it would be foolhardy to conduct a review that considers the exclusive privilege without a full and public examination of this issue, including its impact on the universal service obligation.

At this point I'll turn my remarks to rural mail delivery and safety. As you may know, some of our rural and suburban members deliver mail in some pretty unsafe circumstances. A number have exercised their right to refuse unsafe work under the provisions of the Canada Labour Code. When workers exercise this right, government health and safety officers investigate and render a decision as to whether the work can be done safely or not. When RSMC's cannot safely deliver mail, Canada Post moves delivery to alternate locations—post offices, green boxes, and community mailboxes. Some of these community boxes expose the public to the very same kind of danger our members have been facing.

Unfortunately, the corporation has not always consulted with box owners or local union representatives to develop solutions that would preserve service and ensure safety. However, Canada Post and CUPW are meeting regularly at the national level with a view to solving both safety and delivery problems. The union is attempting to reach an agreement with Canada Post to conduct a national review of 843,000 rural mailboxes.

We want Canada Post, as part of this review, to agree that it needs to work with local residents and CUPW representatives who have first-hand knowledge of the delivery and safety problems within a community. We believe this is the only way Canada Post can actually restore and maintain delivery. We know that problems will continue to crop up if they don't adopt this approach.

CUPW is committed to doing what it takes to conduct a national review, but we believe that this work needs to begin immediately. We have been hoping that the government's directive would help us come to an agreement with Canada Post on the outstanding issues so that we can get on with the job of restoring and maintaining rural mail delivery while keeping those who deliver the mail safe, but we now have serious concerns about the government's commitment to rural mail delivery.

As I said earlier, we believe the government may undermine Canada Post's ability to provide universal postal service, especially rural service, if it decides to satisfy the concerns of international remailers by undermining the very mechanism that allows it to provide this service—the exclusive privilege. We would like to urge the federal government to follow up on its excellent decision to restore rural mail delivery with the complementary decision to maintain the exclusive privilege that funds this delivery.

Thank you very much for listening.

**The Chair:** Thank you, Ms. Bourque.

Mr. Volpe.

**Hon. Joseph Volpe (Eglinton—Lawrence, Lib.):** Thank you very much to all of you for coming to try to shed some light on this issue for us.

I have a couple of colleague who also want to ask questions on international mailers and remailers and delivery to rural communities.

I'd like to ask Ms. Bourque a question that has been raised by Ms. Howell. If the competition has been in the field for 20 years and didn't bother anybody, why are you concerned that there will be a diminution of service now, 20 years later?

• (1555)

**Mrs. Deborah Bourque:** It's my understanding that Canada Post tried to resolve this issue diplomatically through the Universal Postal Union. It is a body of the United Nations that brings together postal administrations from around the world to look at issues like privatization, public services, deregulation, exclusive privilege, and the universal service obligation. So it's my understanding that Canada Post did try to resolve that issue through the UPU. When they were unable to do so, they resorted to the courts.

**Hon. Joseph Volpe:** An over-20-year period sounds to me like a rather long-term investment in the pursuit of a particular issue. I'm wondering whether that concern really surfaced when the profitability of the private companies came to light.

**Mrs. Deborah Bourque:** I think you'd have to ask Canada Post that.

**Hon. Joseph Volpe:** We will, but I was wondering, from the perspective of someone who is representing the unions, whether there has been a diminution of membership as a result of that competition.

**Mrs. Deborah Bourque:** No, I couldn't say there's been a decrease in our membership because of the competition. Frankly, that's not our primary concern here. Our primary concern is that the exclusive privilege not be undermined, because we understand very clearly that it's the exclusive privilege that allows Canada Post to provide the universal service that it does. We're really concerned that it would be undermined and that this is just the first step in perhaps complete deregulation of Canada Post. That would be a complete disaster for service in this country, particularly in the rural and more isolated communities.

**Hon. Joseph Volpe:** Ms. Howell, what percentage of the business of your association members is conducted in rural communities or for rural clients?

**Mrs. Gwyneth Howell:** I don't have that information. It's the percentage for rural?

**Hon. Joseph Volpe:** Right.

**Mrs. Gwyneth Howell:** Unfortunately, I don't have that information. I could get it and forward it to you.

**Hon. Joseph Volpe:** That might be helpful for us. As you can imagine, I'm trying to think in terms of the impact so that the universal obligation can be maintained, or so that we can determine whether it is, in fact, in jeopardy.

My other question will probably have to be for Canada Post. I'm just curious, because the numbers I have access to don't really give us an indication of the size of your industry itself. You pointed out

that one of your members represents a \$5 million income for Canada Post. What is the size of your industry in dollar terms?

**Mr. Evan Zelikovitz (Consultant, Public Affairs, Canadian International Mail Association):** Mr. Chairman, let me try to respond to that question.

As we indicated in our opening remarks, this industry is made up of a number of different entities. It's not just a function of international mail companies that are actually distributing the mail overseas to other countries. It involves small or large printers. It would involve Quebecor, St. Joseph Print, Transcontinental Printing, or smaller printers that do printing for a U.S. company or a South African company and send it to another jurisdiction.

By the way, Mr. Chairman, this is predominantly in the United States. Most of the international mail activity, contrary to what CUPW has claimed, does not take place in developing countries. The majority of international mail goes directly to the United States Postal Service.

Any claims made that this is going overseas to developing countries and that for some reason there's an abuse of the UPU are false. In fact, there are penalties imposed against developing countries that dump excessive amounts of international mail coming from another jurisdiction into those industrialized countries. That in itself is a legitimization of this practice.

If you look at just international mail companies that actually send the mail over to another jurisdiction, there are probably seven or eight major companies that do that in Canada. Based on the numbers we have put together, that represents approximately \$70 million to \$100 million.

However, there are a number of smaller what we call letter shops, mail houses, filming houses, and even some printers that are doing projects here in Canada that are sorting the mail, preparing it, taking trucks and transporting it down into the United States through the USPS. That results in perhaps another \$30 million or \$40 million or \$50 million.

The overall impact, when you look at the economic activity that's being generated by printing companies and by envelope manufacturers who are supplying these entities, is in the hundreds of millions of dollars, but that's not revenue that is going to go to Canada Post. These are international companies for the most part, and Canadian companies that use the services of these companies because they have preferential rates, and they have quality of service. If they don't have a conduit to mail, they're not going to use Canada Post, because Canada Post's rates are too high, and they don't have an equal quality of service. They're going to take that money out of Canada.

All in all—and again, I'm trying to answer your question—this is an entity or an industry that provides some \$300 million or more in economic activity. The international mailers alone account for about \$70 million in actual distribution of mail that will not resort to Canada Post.

• (1600)

**Hon. Joseph Volpe:** All your clients are commercial clients.

**Mr. Evan Zelikovitz:** Absolutely.

That sort of speaks to the first question about rural mail service. This has nothing to do with rural mail service. This has nothing to do with residential mail service. That's not to suggest that there are not very important contributions from corporations in rural Canada.

It would be worthwhile if there had been claims five years ago or ten years ago or seven years ago from CUPW suggesting that this market is having an impact on the ability to deal with universal postal service in rural Canada. Our members, CIMA, have not heard anything from CUPW at all about this until recently, when they have

**Hon. Joseph Volpe:** So you disagree with—

**The Chair:** We're going to Mr. Laframboise.

I'm sorry, we're on tight time today.

[Translation]

**Mr. Mario Laframboise:** You will agree with me that this is rather complex. I have looked at the cases and at the appeals. There is a French interpretation, that is to say that the legal terms were not the same in English and in French. We can see that the judge made a decision.

Please enlighten me. In theory, all mail weighing 500 grams or less is the exclusive privilege of Canada Post, is it not, Ms. Bourque? What do the remailers do? They take letters weighing 500 grams and less and everything that is being mailed outside of Canada, and they collect all that mail, which they should not have the right to do, given the exclusive privilege of Canada Post. Is that correct?

[English]

**Mrs. Deborah Bourque:** Yes.

I must say that I'm not an expert on the international remail industry, but that is my understanding. Mail is collected here in Canada by these businesses, and it's transported to other countries where there are lower postage rates.

There are mailing houses in Canada that collect mail and process it so they can take advantage of volume discounts, but that mail is still delivered and processed through Canada Post. That's not a violation of the exclusive privilege. It's the notion of collecting the mail and transmitting the mail to another country for delivery that violates the exclusive privilege. The exclusive privilege is clearly laid out. I think it's in section 14 of the Canada Post Corporation Act.

[Translation]

**Mr. Mario Laframboise:** Ms. Howell, how did this break down? You knew from the outset that you could not touch the mail weighing 500 grams or less. You were allowed to do so. Is that what you are explaining to us? You produced some Canada Post texts from 1992. You were allowed to do things that were not permitted under the legislation. Is that correct?

[English]

**Mrs. Gwyneth Howell:** These international remailers, for example, were under the impression that the Canada Post Corporation Act, subsection 14(1), says "within Canada". They took that to mean that it was domestic distribution only. Some of these companies started back in the 1980s and have been collecting international mail for distribution through foreign postal adminis-

trations since that time. It was only in, I believe, 1995 or 1996 that the first legal action was taken.

So these companies had already been doing this for 10 or 12 years, in some cases, with no indication from Canada Post that they were doing anything wrong. They read the act. Most of the companies that I'm aware of read it in English, and they interpreted it one way. They didn't read it in French, because I think to most Canadians, if you have an English version and a French version, apparently they are going to mean the same thing.

They set up shop. They started taking this international mail for distribution through foreign postal administrations. In some cases it was about costs, in some cases it was about service, and in some cases it was about having a better look for the mail for direct marketers who wanted a local look for the place where the mail was being delivered.

They did this for over a decade with no opposition from anyone. Then Canada Post came forward and said that this is illegal and you can't do that, when Canada Post had known all along, or for many years, that these companies were doing just that and had basically condoned it. Again, to refer to the 1988 *Manager*, "Outbound mail is not covered by exclusive privilege."

These companies basically had been doing something. They had created nice little companies for themselves, employed Canadians, and set up these businesses here, only to be told after a decade or so that they couldn't do this; it's illegal.

• (1605)

[Translation]

**Mr. Mario Laframboise:** Last spring or fall, you turned to the minister's office, because the minister had made a statement to the effect that this would be settled in the weeks to come.

Did the minister's office tell you that the legislation would be amended, or that the English version would be kept and the French version corrected?

[English]

**Mrs. Gwyneth Howell:** Our understanding of the statement in the House—and we had communicated with several people in the government—was that it was going to be amended to allow these companies to keep operating as they had for, at that point, over 20 years. That's what we understood from the minister's message.

[Translation]

**Mr. Mario Laframboise:** Since that statement, have you met with people from the minister's office? Was a bill tabled? Were you sent any documents or has nothing happened?

[English]

**Mrs. Gwyneth Howell:** No, we haven't seen any draft, and we haven't seen any documents whatsoever. We met with the minister's office, I believe, just today. I wasn't involved in that meeting. As far as we're aware, as far as our member companies are aware, it hasn't progressed anywhere from that with regard to a draft amendment or anything to the legislation.

**Mr. Evan Zelikovitz:** I would just like to add a comment to that, Mr. Chairman.

We've had very encouraging and healthy discussions with the minister's office and the minister himself, who has indicated strong support to ensure that these Canadian companies continue to operate. We've also had very healthy and encouraging support from all of the Canadian business groups and associations from across the country that we've met with. They have endorsed this and have sent letters either to committee members themselves or to the minister himself, the CFIB, the National Association of Major Mail Users, the Envelope Manufacturers Association, and Canadian printing and imaging associations. This impacts an awful lot of companies.

As well, we've also recently received a letter confirming support from members of the Liberal Party, from the critic for crown corporations, Mr. Wrzesnewskyj, who we met with a couple of weeks ago and who understood our issues. I understand he delivered a letter to Minister Cannon suggesting that the vast majority of opposition members would be supporting any changes that the government would bring forward. We have spoken to a number of people.

[Translation]

**Mr. Mario Laframboise:** Mr. Zelikovitz—

[English]

**The Chair:** That's all the time we have. That's seven minutes.

Mr. Dewar.

**Mr. Paul Dewar (Ottawa Centre, NDP):** Thank you, Chair, and thank you to the guests today.

Many of my questions have been answered, but I just want to make a couple of comments or observations. From the industry, there's no disputing what's happened? I mean, you might disagree, but it's fairly clear as far as the interpretation of the courts goes. Is that correct?

**Mr. Evan Zelikovitz:** The courts have spoken. In September 2005, the Ontario Court of Appeal said yes, this is the exclusive privilege. It actually wasn't coincidental that we began advocating with government just before an election. On December 22, 2005, the Supreme Court denied leave to appeal to the Supreme Court, at which time we didn't, coincidentally, but we decided it was in the best interests of our entire industry to do that. But yes, you're correct.

• (1610)

**Mr. Paul Dewar:** No, my question was simply about your concurrence on that. Okay, thank you.

Another observation I have regards a response from the minister, in a letter that I have quoted here:

The activities of international remailers cost Canada Post millions of dollars each year and erodes the Corporation's ability to maintain a healthy national postal service and provide universal service to all Canadians.

I think that's where I'm coming from as a representative. You're doing your job. You've got an industry that you're representing. Quite frankly, some might call this a loophole that just wasn't known and noted. The courts have decided that you have a minister who is responding, and it's hard to take issue with the fact that his observation and responsibility as a minister are that this is going to erode the corporation's ability to maintain healthy national postal service. So I appreciate your point of view and what you do. You're

there to represent the industry. If I were you, I'd be doing the same thing.

Our responsibility here is to protect service to Canadians. So when Ms. Bourque points out that this is going to erode rural mail service, I think that's the connective tissue, the dots here. Eroding the fiscal capacity of a corporation is like having someone come in and carve out some money from your members. You might be concerned about that. That's really what I see happening here.

Ms. Bourque, is your concern the connection between industry and the rural mail service? The minister has stated here in the letter dated July 25, 2006, that this will erode Canada Post's ability fiscally.

**Mrs. Deborah Bourque:** Yes, absolutely. Canada Post has a monopoly on first-class letter mail, and with that monopoly comes the universal service obligation. Canada Post's competitors don't have an obligation to deliver mail at a uniform rate to every community in Canada and Quebec. Private competitors don't have the monopoly; they don't have the universal service obligation, and that's our real concern. By undermining the exclusive privilege, you undermine Canada Post's ability to use its revenues that it makes in urban centres to subsidize service to rural communities.

**Mr. Paul Dewar:** I guess my follow-up question to that, to the industry representatives, is this. Are you asking, then, that this arrangement that the courts have essentially decided upon be changed? Are you asking that this be changed so that it accommodates your members? Is that what you're looking for?

**Mrs. Gwyneth Howell:** In a nutshell, yes. Basically what we're asking is to be allowed to continue to do what we have been doing for 20 years at apparently no detrimental effect to rural delivery—otherwise we would have heard about this years ago. Again, we've been doing this unobstructed, until the court cases started about five or six years ago.

**Mr. Paul Dewar:** I'm not suggesting it's the same, but we used to also have corporations that flew flags of convenience and had ways of parking their money elsewhere, and now we're plugging those holes. I think one could observe and say, notwithstanding that this existed as a practice, that doesn't necessarily make it a practice that should be left to carry on, if you know what I mean.

**Mr. Gordon Taschuk (General Manager, Kirk Integrated Marketing Services Ltd., Canadian International Mail Association):** Mr. Chairman, perhaps I could speak to that.

Canada Post has been profitable for at least the last ten to eleven years. It's difficult for me to understand how this has been going on for that period of time and now, all of a sudden, it's going to affect Canada Post's viability.

**Mr. Paul Dewar:** I just want to make a last point, Chair.

I think what the minister was saying, and certainly what others have mentioned, is that they are taking on a new initiative to make sure that rural service is there. And I guess I get the connection here.

So notwithstanding your point, we're also talking about a corporation that's trying to provide more service to Canadians. At the end of the day, that's what we're here to ensure, that Canadian citizens have service. In the case of rural citizens, they haven't. So the capacity of Canada Post, according to legislation in 1981, according to the courts, in my opinion, in this member's opinion, needs to be preserved.

You can appreciate why that would be, because you're now talking about extending the service. And if you're going to extend the service, as you would appreciate, you'll need more fiscal capacity to do that. So I guess that would be perhaps a response.

Thank you.

**Mrs. Deborah Bourque:** Could I just add one small point to that? Canada Post has recently released figures that indicate that complying with the government's directive on rural mail delivery would cost around \$500 million. And that's a lot of money, even for a profitable corporation like Canada Post.

•(1615)

**The Chair:** Mr. Chong.

**Hon. Michael Chong (Wellington—Halton Hills, CPC):** Thank you, Mr. Chair.

I want to direct my questions to Madame Bourque.

I have two broad areas I want to highlight. One is the whole issue around universal service in return for a monopoly over international remail and other monopolies that Canada Post has.

I would be more sympathetic to that argument if it were indeed the case that rural mail delivery were continuing in this country, but that's not the case. In my riding, as in dozens of other ridings, rural mail delivery is being discontinued. And replacing it with super mailboxes, in my view, does not constitute a continuation of that rural mail delivery.

My view is that a lot of these cases are ones where the tool being utilized, or the process by which the tool is being utilized, needs to be reassessed, because we have rural roads in the riding where there are literally 30 or 40 cars a day on gravel roads that have existed pre-Confederation where people who have been receiving their mail for close to or over 100 years are suddenly being told that their mailboxes are no longer safe. They are suddenly being told that they now have to drive six, seven, eight kilometres one way to pick up their mail. They are suddenly being told that while it is unsafe for a single postal employee to deliver mail to rural mailboxes, to 500 individual mailboxes, because of safety concerns, it is okay for 500 Canadians who are not at all trained in rural mail delivery to park their cars at the exact same points of pick-up on the road and pick up their mail from the super mailbox location.

So I have trouble accepting the argument that Canada Post needs to protect its monopoly over international remail if rural mail delivery is not being restored. It makes it incredibly difficult for me to be sympathetic to that argument.

The second thing I want to highlight, Chair, has to do with the actual issue around rural mail delivery. Your membership needs to know that if this trend continues, jobs are at risk, because, frankly speaking, delivering to 100 addresses at a super mailbox location

requires substantially less time and effort than delivering to 100 mailboxes at the end of the lot line. With present trends, if all 840,000 rural mailboxes are going to be evaluated, and it looks like they are, the members on this committee need to know and the public needs to know that we're talking about hundreds of thousands of rural mailboxes that will cease to have delivery. We're talking about hundreds of mailboxes in rural ridings across this country, and that's going to have repercussions for your membership in terms of future planning by management of Canada Post Corporation. It's going to have repercussions on the service that rural Canadians expect.

In areas like mine, we don't have a military base. We don't have hundreds of government employees. We don't have large government offices. We don't, frankly, have anything in terms of significant federal presence except for rural mail delivery. It's the one service that residents in my area have come to rely on, and it is one that we hope both Canada Post and its employees and the union could work constructively on to ensure that it is restored. As the situation currently stands, it is not, and as a representative of the people in my area, I can tell you that they're quite upset.

**Mrs. Deborah Bourque:** Can I respond?

I agree completely with everything you just said. We understand that jobs are at risk in terms of going from lot line delivery to community mailboxes. We also understand the implications for rural communities in terms of the loss of that lot line delivery, so we're on the same page. We're working really hard with Canada Post, and the objective of assessing those 843,000 rural mailboxes is not, in our view, to move that delivery to group mailboxes. Our objective is to maintain door-to-door or lot line delivery in rural communities. Rural Canadians expect that service, and it is one of the few federal presences in rural communities.

**Hon. Michael Chong:** Mr. Chair, may I just quickly respond to that?

That's not what's happening. I'm not talking about routes that have become high-volume because of growth in the GTA that are being discontinued. I'm talking about rural routes, gravel roads, side roads, and concession roads, which see no more than 30 or 40 cars a day, roads where mothers are walking their dogs and their baby carriages because there is so little traffic. These are being deemed unsafe. Only a handful out of the 840,000 mailboxes in this country have been assessed. On the current trends, we are talking about hundreds of thousands of rural mailboxes that will be deemed to be unsafe and to be pulled out of existence. We're not talking about the occasional mailbox that's been poorly positioned on the side of a busy highway, or that is on a route that has a substantial increase in traffic. People need to know we are talking about the side road going through a bucolic pasture where there's very little traffic. These mailboxes on these routes are the ones that are being deemed unsafe.

So I don't accept the premise that rural mail delivery is rosy right now. Because if this is going to be assessed on all the remaining routes in this country, we're looking at hundreds of thousands of mailboxes that are going to be discontinued.

•(1620)

**Mrs. Deborah Bourque:** I hope we're not, because Canada Post should now be using the proper tool. A third party has been engaged by Canada Post and they've developed a tool, a process for assessing the rural mailboxes, that we've agreed to. It's our view that those boxes that were assessed without the proper tool, that Canada Post needs to go back and re-assess those mailboxes and restore delivery. In some cases, it's simply a matter of moving the mailbox a few feet back from the road. But they need to work with the customer and they need to work with the local union reps to do that and decide what's safe.

There are two different kinds of unsafe conditions. One is the traffic and whether or not the car can pull sufficiently off the side of the road. There's also an ergonomic issue where the rural mail deliverer has to reach across the seat, from the driver's seat to put the mail out the passenger window into the mailbox. Depending on how many times a day you have to do that, it may or may not be dangerous.

Every time there's a complaint by one of our members under the Canada Labour Code, Labour Canada comes in and assesses the situation and decides whether or not it's a legitimate safety complaint. In the vast majority of the right to refusals, Labour Canada has come in and said it was unsafe. In some cases, the rulings have been a little too stringent, I think, in that they've said that all four wheels have to be so far off the side of the road. That may or may not be possible in some of those areas you're talking about.

**The Chair:** Ms. Bourque, I'm going to have to stop you there and go to Monsieur Bélanger.

**Mrs. Deborah Bourque:** Sorry. Okay, but we're on the same page here. We agree completely with restoring rural delivery exactly as you've articulated it.

**Hon. Mauril Bélanger:** Madam Howell, I just wanted to refer you to your statement in the second-last paragraph. You say,

To this end we respectfully urge this committee to exercise its authority to prepare a report and bring a motion before the House as quickly as possible, recommending "the expeditious introduction of changes".

Can you be a little more specific? Are you looking for changes to the act?

**Mrs. Gwyneth Howell:** Basically, yes, we are.

**Hon. Mauril Bélanger:** Because you say in your second paragraph from the top that Canada Post is seeking "to expand—not maintain, but expand". Might that perhaps be more accurate were it to read "to enforce"?

**Mrs. Gwyneth Howell:** Again, based on the court's interpretation, yes. Based on the interpretation that these companies used for all the years they were in existence prior to the courts, "expand".

**Hon. Mauril Bélanger:** You say, and I'm quoting you here from the top of page 2:

...while we respect the role of the courts, it's for the members of this committee of the House to rule on what the act intended to do.

With all respect, I would argue that our role, as parliamentarians and as legislators, is to make acts as clear as we can, and our intent as clear as it can be. None of these gentlemen were here in 1981, so

none of them are to blame for any lack of clarity, if you will, in that act. However, I would disagree, in that it is not our role to interpret legislation. Once it is set by Parliament it is the court's role to interpret, and that's what the courts did in this case. So I have to disagree with that part of your testimony.

Can you give me the relative size of the business 20 years ago, 10 years ago, and today? Roughly.

•(1625)

**Mrs. Gwyneth Howell:** Do you have any idea, Gordon?

**Mr. Gordon Taschuk:** I can't speak to the international mailing of the mailers or the remailers, themselves. I'm in a mail service provider role.

**Hon. Mauril Bélanger:** I'm asking Madam Howell, for the association. You must have a sense of the size of the business of your association today. No?

**Mrs. Gwyneth Howell:** Today it would be, I believe, about \$70 million for international.

**Hon. Mauril Bélanger:** And what was it 20 years ago?

**Mrs. Gwyneth Howell:** It was just beginning 20 years ago.

**Hon. Mauril Bélanger:** So it was next to nothing.

**Mrs. Gwyneth Howell:** It was next to nothing.

**Hon. Mauril Bélanger:** And 10 years ago, was it in the middle of that, maybe?

**Mrs. Gwyneth Howell:** I would say that it would be more in the middle. It has dropped off since these court battles started.

**Hon. Mauril Bélanger:** Would that be an indication as to why, perhaps, Canada Post is paying more attention to you than it did in the past?

**Mrs. Gwyneth Howell:** It could very well be, yes. They saw how profitable they were becoming. But at the same time, Canada Post was becoming profitable.

**Hon. Mauril Bélanger:** Thank you.

I want to make sure I understand the business, because we were talking about it here a moment ago. The remailers collect mail, bring it across the border, I presume to the States, because that's the cheapest—

**Mrs. Gwyneth Howell:** In some cases, yes.

**Hon. Mauril Bélanger:**—and then mail it from there to clients in the States. Or is it mailed back to Canada?

**Mrs. Gwyneth Howell:** No.

**Hon. Mauril Bélanger:** It is just to clients in the States or elsewhere around the world.

**Mrs. Gwyneth Howell:** It is mailed to clients in the U.S. or internationally, yes.

**Hon. Mauril Bélanger:** Fair enough. That's what I thought it was. I'm glad that's cleared up.

Now, if a corporation or a government does not follow closely certain things for a number of years—and this relates strictly to property rights, I believe—you acquire squatters' rights. Have you looked at that angle?

**Mrs. Gwyneth Howell:** No, we have not.

**Hon. Mauril Bélanger:** It's too late now, anyhow.

In 1890 the Government of Manitoba passed a law that was declared unconstitutional 90 years later. So there are instances when the laws are not enforced, and then something triggers them, perhaps the growth of your business, and then they become enforced. My sense is that this is what has happened. And we can confirm that with Madam Greene in a few minutes. I just wanted to get a good sense of that.

Is there a reverse business into Canada?

**Mrs. Gwyneth Howell:** Yes, there is.

**Hon. Mauril Bélanger:** Who operates that business?

**Mrs. Gwyneth Howell:** Very often we will have clients—and Gordon, perhaps you can speak to the other side of the industry—who want the Canadian look to their mail, foreign clients who want a Canadian look to their mail. So they then want it brought into Canada and mailed through Canada Post.

I know that some of these companies have approached Canada Post about a means of doing this, but they've been told by Canada Post that Canada Post will only deal with the owner of the mail, who in this case is in a foreign country.

**Mr. Gordon Taschuk:** And in fact Canada Post solicits business south of the border in the United States. They attend the trade shows. They look to get American companies to bring their mail into Canada. It's part of what they do to expand their revenue base.

**The Chair:** We'll go to Monsieur Carrier.

[Translation]

**Mr. Robert Carrier (Alfred-Pellan, BQ):** Mr. Chairman, I have a question for Ms. Bourque.

Good afternoon. I was reading in your presentation that the remailing businesses, through their operations, cause Canada Post to lose millions of dollars. This is one of your arguments supporting Canada Post taking back these activities.

I was wondering what the argument or reason is for your union requesting this change. Is it simply so that Canada Post can make more millions of dollars, or do you have a more specific reason?

[English]

**Mrs. Deborah Bourque:** Our concern is basically public postal service. We would prefer that Canada Post not make the profits it has been making and not pay the millions of dollars in dividends it pays to the federal government. We would prefer that the profits and the dividends be put back into improving and expanding public postal service. That's our main concern here, the viability and quality of public postal service and Canada Post's ability to continue to offer what I would describe as a quality public service.

[Translation]

**Mr. Robert Carrier:** Therefore, you are not suggesting that it would be to the benefit of postal workers that this service be given back to Canada Post. You are simply talking about the business. You are not suggesting that this would result in increased jobs for unionized postal workers.

• (1630)

[English]

**Mrs. Deborah Bourque:** We understand quite clearly that the viability of public postal service protects our jobs, and without a viable public postal service we don't have a lot of job security for the future. We understand the two are linked. Right now our interest is protecting the jobs that we currently have, the members that we currently represent, at the same time as we protect public postal service.

[Translation]

**Mr. Robert Carrier:** It seems to me that your arguments do not hold water because the remailers stated that there are several jobs at risk. They have several employees doing this work. Therefore, if all of this work were transferred back to Canada Post, there would certainly be additional jobs created that you are not talking about. That is not your argument. Is that right?

[English]

**Mrs. Deborah Bourque:** I'm not sure I understand the nuance.

I just want to reiterate our concern around the remailers. Part of it is around the money, but most of it is based on the undermining of the exclusive privilege. We see this as the thin edge of the wedge, if you like. If the act can be changed and the definition of "exclusive privilege" can be changed to accommodate this group of businesses, why can't it be chipped away at and undermined to meet the interests of various other groups of businesses?

So that's our primary concern around the remailers. Our interest is not in putting anyone out of business or putting people out of work. Clearly that's not our interest. Our interest is protecting the future of public postal service.

**The Chair:** Thank you very much. Unfortunately, we have time restrictions. I would like to thank you for attending and for making your presentations today. I'm sure there will be further communications.

We're going to take about a three-minute suspension. Time is money, so I would encourage everyone to stay close to their chairs.

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\_\_\_\_\_ (Pause) \_\_\_\_\_

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• (1635)

**The Chair:** Welcome back, everyone.

Joining us at the table now, from Canada Post, we have Moya Greene and Mr. Gordon Feeney. I'm sure you know the process. We'll ask you to make a brief presentation and then we'll do some questions and answers around the table.

Welcome.

**Ms. Moya Greene (President and Chief Executive Officer, Canada Post Corporation):** Thank you, Mr. Chairman and honourable members of this committee.

May I say how pleased I am to have an opportunity to talk about Canada Post and the wonderful people who deliver the mail in this country. It's a great opportunity as far as I'm concerned.

[Translation]

Today I also have the pleasure of introducing you to the chairman of the board of directors of Canada Post, Mr. Gordon Feeney. Over the course of the last few months, the management team of Canada Post—and I include myself in that group—has benefited from the advice and experience of our board, under the direction of Mr. Feeney, in order to deal with a certain number of challenges.

[English]

Some of these challenges, you around this table know only too well.

Mr. Chairman, as you know, the original request for my appearance was in relation to the remailers issue. Of course I'm happy to answer questions that any of the honourable members of the committee might have on any subject, but I subsequently learned that members of this committee have expressed an interest also in the progress we are making with respect to the delivery of mail in rural Canada. I'm happy to answer questions on that topic as well.

Before we begin, I thank you for giving me an opportunity to just lay out a few points that the committee might want to bear in mind on the subject, particularly the subject of safety and the safety in the delivery process in rural Canada.

As you know, Mr. Tweed and other members of your committee, in delivering mail in rural Canada, in the past two years we've had 34 accidents, and some of these accidents have caused injury to Canada Post employees. In fact, Mr. Chairman, in the past 12 months alone, we've had two fatalities in delivering mail in rural Canada. We have therefore taken certain measures, many measures, to respond to the safety issues, the real safety issues that arise in the delivery of mail in rural Canada, and to try to balance this safety issue with what is also of incredibly great importance for Canada Post, and that's convenience, convenience in delivery for Canadians.

We have nine decisions from Labour Canada safety officers in relation to the delivery of mail in rural Canada. We are appealing all of these decisions, because in our view some of them go too far. But I want to mention these nine decisions by Labour Canada safety officers because I think it reinforces that there is a real safety concern that has to be dealt with.

Just as I do as the CEO of Canada Post, you, as members of this committee, know that all corporations have a proactive responsibility to take whatever measures are necessary to ensure the safety of their employees. This responsibility is now in fact a criminal responsibility that arises for the CEO and members of boards.

We've done a number of things, Mr. Chairman. We have engaged experts to help us. I am not a traffic safety expert. I am not an ergonomic expert. We have two kinds of safety problems in the delivery of mail in rural Canada. One that most people understand quite handily is a traffic safety issue. Many of the roads that were rural country roads forty years ago are no longer rural at all. They are now in built-up areas. We have people delivering mail to the lot lines in Canada in what might reasonably be considered highway conditions. We have people delivering mail in situations where the traffic may not be too heavy, but there are actual signs and laws of provincial authority saying "no stopping allowed", or where the

shoulders of roads have become increasingly narrow. That's one set of issues on which we have had to have expert help.

The other set of issues is not as easily understood, but I'm able today to take questions on it as well. It's ergonomic hazards. I did not understand until I had to look into this with a lot more detail just how much has happened in the past 20 years in that area of science, in ergonomic science.

● (1640)

We now know that repetitive motion may not cause injury right away, but certainly over time it will cause injury. We have developed with our experts a tool that helps us look at each and every lot line box in Canada and assess whether or not that box is a safe box.

I can assure every member of this committee that Canada Post is committed to delivering mail in rural Canada to every safe lot line box. We have given our drivers lights and signs that make them more visible on roads. We have launched a massive training program that will involve as many as 15,000 of our employees and supervisors to help them understand safe working procedures.

For our customers, we have set in motion a very customized approach. Where we are dealing with hardship cases, which we know arise, we have a 24-hour, seven-days-a-week dedicated call centre to answer questions on this topic. We are doing absolutely everything we can to retain, to restore any service that has been interrupted and to maintain lot line delivery.

I thank you, Mr. Tweed, for giving me this opportunity to tell you about some of the circumstances that have arisen in rural Canada and what Canada Post is doing to address the safety issues that are present.

**The Chair:** Thank you very much, Ms. Greene.

Mr. Volpe.

**Hon. Joseph Volpe:** Thank you very much, Ms. Greene, and thank you for coming before the committee.

I appreciate the fact that you alluded to the earlier meetings and that we had anticipated your presence. At any rate, Ms. Greene, without much further ado I'd like to return to the question of the testimony that I know you heard earlier on.

I'm not going to focus very much on the safety matters. They're always of concern to me, and I noted that you've stressed the fact that there were two fatalities in this last year. I'm not even going to ask you what prompted them or how they were brought forward. I leave that for others to ask, because I don't think I want to play with the emotions that are associated with that kind of a description.

What I want to do is talk about your business model. I know you're in the middle of some negotiations and that these may impede your answers, so I'm going to go as far as I can.

Just 15% of your business is in rural communities, and you had a profit of \$199 million last year. Why do these people who have appeared before this committee pose you any kind of threat?

● (1645)

**Ms. Moya Greene:** Are you talking about the remailers, Mr. Volpe?

**Hon. Joseph Volpe:** Yes.

**Ms. Moya Greene:** First, I would like to open by saying that anyone who knows anything about me knows that I do not fear competition. In fact, 45% of Canada Post's current business is fully competitive. The direct marketing business, the parcel business, we are up against some of the most sophisticated logistics companies in the world, and I think with the engagement of our people we're holding our own. So I'm not fearful of competition.

What I would like the committee to perhaps discuss with me is this fact. When foreign postal administrations come into Canada, they do not have the obligations that the honourable members of Parliament have imposed on Canada Post. They do not have the obligation to deliver the mail to all Canadians at a price that is regulated at two-thirds of the inflationary increase and then only if it adds up to one cent. They do not have the obligation to maintain a network of facilities across the country that is much larger than the logistics requirements of any modern post. They do not have the obligation to keep 7,000 retail outlets, which is bigger than Wal-Mart's retail establishment worldwide—

**Hon. Joseph Volpe:** Ms. Greene, I hope you will forgive me for appearing to be less than totally courteous; it is not my nature to be so. If you'll forgive me, I've heard this discussion before, but I've also been around when Canada Post closed down all kinds of post offices and postal stations, especially in my riding. But I don't want to be parochial.

I know that what you're describing is a business model that suits the interests of the corporation. I have no objection to that at all. What I'm talking about—since you've raised it—is the responsibility of members of Parliament to the service of the delivery of mail to every Canadian everywhere in the country.

Now, the people who appeared before you said that they're not involved in residential mail, nor are they involved in personal mail. They're just talking about commercial business exclusive of that. Tell me what essential service and essential obligations are being diminished by that competition, which you have just said you do not fear.

**Ms. Moya Greene:** Many postal administrations have different ways to make sure that the public obligations can be paid for. In the case of Canada and other postal administrations, governments have chosen to reserve a small segment of the commercial mail market for the postal administration to defray the costs of other services that could not otherwise be provided. So in answer to your question—

**Hon. Joseph Volpe:** The parcel delivery service, Ms. Greene, is probably the most profitable portion of the mail delivery service, and that parcel post and the parcel delivery service is now in the hands of private sector corporations.

I see you shaking your head, Mr. Feeney, but I just happen to have been involved in that business quite some years ago when Canada Post had exclusive monopoly over it and it has lost a good portion of it. I've also received a lot of lobbying from private sector corporations that resent the monopoly or the extra advantage that Canada Post exercises in the marketplace, and none of it has to do with providing essential services or delivery of essential obligations to Canadians everywhere.

**Ms. Moya Greene:** This is currently before the courts, as you know, Mr. Volpe, in terms of it being an international trade dispute. There's a very important point on that case, and we perhaps can leave it there.

Canada Post does not cross-subsidize its parcel business. So for UPS, or FedEx, or any of our competitors to say that our parcel business is cross-subsidized by other parts of the Canada Post business is simply false. In fact, as you probably know, Mr. Volpe, we have to have a separate audit of that fact every single year. We will this year, just as we have every other year.

But the question you're asking is not about parcels. You're asking about mail; you're asking about letter mail. In that segment of the business, we do have a reserved market in Canada for Canada Post to deliver mail, letter mail, that is below a certain size and that is not urgent mail. Urgent mail, anybody can carry. We have that reserved market because parliamentarians want us to maintain a delivery system in the country, which is a vast one.

● (1650)

**The Chair:** Ms. Greene, I'll have to stop you there. Maybe you can finish it later.

Monsieur Lemay.

[*Translation*]

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** Good afternoon, madam.

I thank my colleague for giving me a little time. I particularly thank my colleague who is a member of this committee, because we are experiencing a particular problem in my region that I would like to let you know about.

I wrote to you and did not receive any response. I spoke to the minister, who told me to speak to you. As you gave me no reply, my colleague Mr. Mario Laframboise, whom I thank very much, invited you to appear before the committee. Therefore, I requested the opportunity to ask you a question as the member of Parliament for Abitibi-Témiscamingue.

Last week, I tabled a petition with over 5,000 signatures in the House of Commons, asking that the Noranda Post Office in my riding of Abitibi-Témiscamingue be maintained. The Noranda Post Office serves an elderly population in the city of Rouyn-Noranda. When I state that the population is elderly, Madam President and Chief Executive Officer, I am talking about people whose average age is between 55 and 80 years.

The surprising answer that I was given by someone in your office is that these people have postal service within a four-kilometre range and as they would in any case be going out shopping, all they needed to do was find a way to pick up their mail at a postal counter that is 1.8 kilometres further away.

Is Canada Post not obliged to offer services, madam? I am told that it is in their business plan, that it was a business decision. I say that this is a business decision that does not take into account the population to be served. I am not talking about remailing—my colleague will address that, nor about parcel post, I'm talking about ordinary mail.

How is this possible? What has happened to this profitable post office, that made a profit of \$250,000 last year? I ask the question. What was the business decision? How can you make such hard-nosed decisions that affect an aging population?

**Ms. Moya Greene:** We always want to offer appropriate services to everyone, to elderly people as well as to those who are disabled. We are doing our best. Furthermore, in order for a business to be profitable, it is sometimes necessary to scrutinize the network of services.

In Rouyn-Noranda, there are several corporate offices as well as franchises that offer services for us. In Rouyn-Noranda, there's another standard and the service is working well. I know that all change is difficult, but it is not a situation where there is no other service. In truth, there is another office that is approximately 1.8 kilometres away, as you mentioned. So it is not very far.

On the other hand, there are several franchises in Rouyn-Noranda. In fact, it is essential that we offer good service to everyone in Canada and we are trying to do our best. We also want Canada Post Corporation to be profitable in the future.

•(1655)

**Mr. Marc Lemay:** With all due respect, madam, the post office is profitable. If that were not the case, I would not have asked for the floor this afternoon. In fact, I have all the supporting data showing the profitability of this post office. That is what worries me.

The owner of a convenience store that is 1.8 kilometres away was asked to take care of this. The young clerk is completely overwhelmed and she says does not have the time to deal with this. I know that it is profitable for the convenience store, but the post office employees are telling us that the post office is also profitable. I have the data so it must be true.

**Ms. Moya Greene:** It may be true, Mr. Lemay, but for a retail service in the corporate world, the cost structure is much higher than it is for a franchise. This is a very important detail in our opinion, because with the investments that we will have to make so that the corporation remains profitable in the future, it is very important that we study the entire network to see if there is a way to continue offering good service while at the same time reducing the cost structure for the Canada Post Corporation, which is much higher than that of administrative structures elsewhere.

**Mr. Marc Lemay:** What about the moratorium?

**Ms. Moya Greene:** There is a moratorium on the rural regions, which I accept. On the other hand, we are not talking about rural regions, Mr. Lemay, we are discussing services in the urban sector or in the suburbs.

[English]

**The Chair:** Go ahead, Mr. Dewar.

**Mr. Paul Dewar:** Thank you, Mr. Chair.

Thank you to our guests for being present today.

I know that it's the intent of the committee to talk to government representatives in the future, so I'll have to limit my questions to, obviously, Canada Post.

I've written to you, Ms. Greene, and you've been clear that there have been no discussions about privatization, and that's been unequivocal. I just wanted to ask, while we're here in committee and on the record, about the whole issue of deregulation. Is that something you've discussed in your plans? Have you talked to the government about it? Is deregulation on the table?

**Ms. Moya Greene:** No. The government has never discussed deregulation with me. I am in contact with CEOs of other postal administrations around the world. So I'm *au courant* with how liberalization of the market and deregulation efforts have proceeded in other parts of the world. The Government of Canada has never discussed deregulation with me.

**Mr. Paul Dewar:** What if I were the minister and I said to you, "Ms. Greene, I'm looking at deregulation. What do you think?"

**Ms. Moya Greene:** What I would say about postal markets is the following, Mr. Dewar. Liberalization and deregulation are initiatives and measures that can be done successfully if done in an orderly way. If not done in an orderly way, they have disastrous impacts, and I will give you an example. In the case of the United Kingdom—

**Mr. Paul Dewar:** Yes.

**Ms. Moya Greene:** —where the government introduced liberalization of the market before allowing the postal administration to adjust, it lost one billion pounds in a single year.

**Mr. Paul Dewar:** Exactly.

And I'm sorry to cut you off, but I only have a little bit of time.

You're aware that the C.D. Howe Institute recently came out in favour of a study of privatization of Canada Post.

**Ms. Moya Greene:** Yes.

**Mr. Paul Dewar:** Canada Post is a member of the C.D. Howe Institute.

**Ms. Moya Greene:** Yes, Canada Post is.

**Mr. Paul Dewar:** When the C.D. Howe Institute carried out this kind of study, was there anyone at the corporation who was responsible for liaising with the C.D. Howe Institute? As a member, did you provide them *carte blanche* the information on whatever they wanted to do the study? How did that work?

**Ms. Moya Greene:** No, but when the C.D. Howe Institute or any business organization asks Canada Post for factual information, of course we will check facts and we will make sure that it's reasonably—

•(1700)

**Mr. Paul Dewar:** So they had the same window on Canada Post as Mr. Tilson, here, or Mr. Tilson's constituents?

**Ms. Moya Greene:** Yes.

**Mr. Paul Dewar:** So there was no exclusivity there? I say that because most Canadians would be a little surprised to find that Canada Post was involved with the C.D. Howe Institute, which is involved in a study and which came out with this.

**Ms. Moya Greene:** The C.D. Howe Institute is one of the biggest business organizations in Canada.

**Mr. Paul Dewar:** I'm fully aware of that, but you're a crown corporation, Ms. Greene, and I think it's kind of strange—beyond strange for many—that you would be a member of the C.D. Howe Institute. That's not to say that they don't do excellent work, as do others.

We have a crown corporation as a member of this, and then they come out in the public square telling people, "Here is what we think of privatization. It's a good idea." I'm concerned about—and I think a lot of people would be concerned about—where the corporation is going.

But, alas, I have only a little bit of time here.

Concerning the moratorium, I just want to be straight-up here. Last June the government announced that it would be continuing the moratorium on post office closures in rural small towns, etc., but it did not issue a list of the offices that were covered. The government indicated that Canada Post is in a better position to provide that list. Do you have a list of those offices that the government is telling us to talk to you about? Is there a list? Can the committee have it?

**Ms. Moya Greene:** I don't have the list with me, but yes, we do understand, generally speaking, what is meant by the moratorium, and what the moratorium applies to and what it does not apply to.

**Mr. Paul Dewar:** I'm seeing Mr. Feeney. Can you provide us with a list?

**Mr. Gordon Feeney (Chairman of the Board of Directors, Canada Post Corporation):** I don't know if some of our people were nodding or not, back there, but—

**Mr. Paul Dewar:** Okay, if you could provide the committee with the list, that would be most helpful.

Thank you very much.

**The Chair:** Mr. Tilson.

**Mr. David Tilson (Dufferin—Caledon, CPC):** I'd like to ask a question with respect to the directive to restore and maintain rural mail delivery. What's the best way to do that?

**Ms. Moya Greene:** What is the best way to restore mail delivery?

**Mr. David Tilson:** And maintain rural mail delivery.

**Ms. Moya Greene:** I think it's the way we're doing it. I believe we are restoring and maintaining mail delivery within the confines of the safety laws and the safety requirements.

With the benefit of our safety tool, which has been devised by safety experts, we are assessing the road safety conditions that pertain to every rural mailbox.

We are starting, obviously, with the mailboxes for which there was a disruption in service because an employee exercised their right, under safety legislation, to refuse to deliver mail. And we're moving out beyond that to other boxes that could be in jeopardy because of complaints about safety with respect to those boxes. There are about 880 complaints from employees about the safety of certain boxes on their routes.

Mr. Tilson, with our safety assessment tool, we are assessing the safety characteristics of every box. We have maintained 150,000 boxes that would have been in jeopardy because of the ergonomic hazard. We have maintained those boxes through a measure that we

are following right now, which is to put a second person in the vehicle so that the stretching that was otherwise going on to deliver the mail no longer has to happen.

**Mr. David Tilson:** I'll tell you why I asked the question. I understand all that, but most of us, particularly rural members from all sides—and this isn't just me, it's members from every political party in this country—are hearing from their constituents who have lost confidence in Canada Post as far as rural mail delivery goes. It's not my riding in particular. Of course that's the one I'm interested in, but talking to other members from all sides, I've heard that they feel the same way.

The process you described is what was going on before. If an area is deemed to be unsafe by somebody, then we'll shut down the box and we'll put up a community mail box. That's what you were doing before.

**Ms. Moya Greene:** No, Mr. Tilson—

**Mr. David Tilson:** Excuse me. Now you have a directive, as of December 13, to restore rural mail delivery. The first time, on December 27, that was found to be too vague, and then, on February 21, it was lacking specific measures.

I mean, people miss their boxes; they've got to go miles to pick up their mail from superboxes or community boxes, which residents—not the union—think are unsafe.

So I guess that's why I'm asking the question. I know what you did before. What I want to know is what you've been doing since the directive was made.

● (1705)

**Ms. Moya Greene:** We are accelerating the assessment of every box. We've got 350 people working throughout Canada, some of them third-party contractors, to accelerate the assessment of these boxes.

In the case of people whose service was interrupted, those assessments will be entirely completed in three months' time, by June. We were delayed in restoring mail in the winter, but even in that case we procured temporary mailboxes and put them in place, so that even with the winter weather conditions, we were able to respond as fast as possible.

With respect to Canadians losing confidence in Canada Post, that would be a terrible thing, because—

**Mr. David Tilson:** It sure would—absolutely.

**Ms. Moya Greene:** —Canada Post delivers an excellent service. In your riding, Mr. Tilson, as you know, we've had independent IBM surveys done. I'm very proud of our people at Canada Post in Caledon; some of the best service in the country is in Caledon. So it would be a terrible thing for Canadians to lose confidence in Canada Post.

**Mr. David Tilson:** Mr. Chair, I continue to get complaints in my riding. Last week, some man called my office and said that his box was going to be shut down and he was going to move to a community box and was given three days' notice. He was told he was going to have communication from Canada Post. He never received that. He was told where the site was. He has looked at the site and believes it's unsafe; it's near a dangerous intersection and has no lighting.

So I guess my question to you is, I understand you communicate with the unions, but do you communicate with the residents?

**Ms. Moya Greene:** Yes. It's a completely customized approach, and we are now logging every single contact, Mr. Tilson. We are sometimes with individual homeowners, individual households, on three separate occasions. So it is a completely customized approach to explain, first, why we've had to assess the safety of the box; and then what is going to happen and when the safety assessment will take place; and then we speak with homeowners, if we find some change has to be made, which we try very, very hard not to do, because we know it's an inconvenience to people. But if a change is required, we go back to homeowners and we say, "Here are the options". We discuss with municipalities where is the best place to put a neighbourhood box or a community box—

**Mr. David Tilson:** I can tell you that in my riding constituents are telling me this communication is not taking place.

**The Chair:** Thank you.

I'll have to move—

**Ms. Moya Greene:** We'd be very happy—

**The Chair:** —to Mr. Temelkovski, please.

**Mr. Lui Temelkovski (Oak Ridges—Markham, Lib.):** Thank you very much, Mr. Chair.

Thank you, Madam Greene and Mr. Feeney, for coming out today.

Since we introduced the motion initially in the House, there have been a lot of changes made, but what Mr. Tilson is mentioning is that these calls are continuing to come in to our offices, even to this day, that rural mailboxes are being closed down. We understand that entire routes are not being closed down, only portions, or those that have to be closed down, and that they're assessed, and so on. But Canadians are losing their faith in the corporation, and we're asking how you can fix that.

You've mentioned a number of things you've done since the directive was given, that you've accelerated the process and so on, that this fantastic tool has been implemented and used, and that many of them have been restored.

On the second page of your remarks, in the last paragraph, you mentioned, "By applying the safety tool developed by the independent experts, we have been able to restore and maintain delivery to more than 4,000 rural mailboxes since December." Of the 4,000 you mentioned, can you tell us exactly how many have been restored and how many have been maintained?

• (1710)

**Ms. Moya Greene:** I can give you those numbers, Mr. Temelkovski. I don't have them right here, but I can tell you

exactly, because we are logging what we are doing in relation to every single box. We are trying very, very hard.

I apologize to all members of this committee for any complaints they are taking about this safety problem that has arisen. We are trying very hard to keep you and your colleagues and all your colleagues in the House fully apprised of everything we are doing when we are in your constituencies in relation to every box. I don't have it in my head, but I have it, and I will be happy to provide it within 24 hours.

**Mr. Lui Temelkovski:** I appreciate that, and I'll wait for it.

In terms of the plan, the minister also asked that the corporation provide a plan to him. I understand that there have been a number of plans that have been put forth.

**Ms. Moya Greene:** Two.

**Mr. Lui Temelkovski:** Can you explain or tell us a little bit more about the plans?

**Ms. Moya Greene:** Yes. The first plan was really put forward in the context of our normal corporate plan. It identified how much would have to be spent by the corporation to retain as many safe lot-line delivery situations in Canada as we could. And it put those numbers over the five-year horizon of the plan.

As I mentioned, we have accelerated the assessment of the 840,000 lot-line delivery situations in Canada so that the actual assessment will now be completed over a three-year period. We have reprofiled the amount of money we would need to spend so we could accelerate that, and we have included the costs of maintaining the so far 150,000 or so lot-line boxes that were at risk of having to change their service because of the ergonomic hazard. Those costs, as you can imagine, to have a second person in the car to deliver mail, are very substantial.

**Mr. Lui Temelkovski:** So the second plan is to accelerate the time at which you will have—

**Ms. Moya Greene:** It will take from five years to three years to assess all 840,000 boxes in Canada. As you know, they're spread all over the country.

**Mr. Lui Temelkovski:** What percentage of those 840,000 do you expect will not make the grade for you to deliver the rural mail?

**Ms. Moya Greene:** Mr. Temelkovski, that is the \$64,000 question, and I wish I could give you a precise answer. I can't, and let me explain why. The geography we're talking about is vastly dissimilar from place to place. You can have a road that looks the same, but the actual configuration of the box on that road is what matters. So if it's on a blind turn, or if it's on a hill, or if it's in a place where there's a double yellow line, a box that's literally 500 or 600 feet away may not be safe. So I cannot tell you.... Of the 849,000, we have only assessed 27,000 boxes so far.

**The Chair:** Thank you, Ms. Greene.

What I might ask, Ms. Greene, is if you would send the information you're going to send through the committee chair, please.

**Ms. Moya Greene:** Absolutely.

**The Chair:** Monsieur Laframboise.

[Translation]

**Mr. Mario Laframboise:** Earlier, we were discussing the moratorium on closing post offices, and you said that this did not affect urban and suburban offices.

We know that you have projections. Will you be providing us with the list of post offices that will not be subject to the moratorium?

Is that the same question that our colleague Mr. Dewar asked?

**Ms. Moya Greene:** Yes, we have a list of corporate offices that are not subject to the moratorium. Yes, we can provide you with a copy.

**Mr. Mario Laframboise:** Mr. Chairman, the witness has committed to providing us with a list.

**Ms. Moya Greene:** Yes, that is no problem.

**Mr. Mario Laframboise:** As far as the remailers are concerned, this seemed acceptable in the business up until 2004, but since 2004, you instituted legal proceedings. What was the risk? Are they your competition? Were they growing too quickly than your ability to be able to compete with them? I would like you to give me a picture of what remailing is. What is your greatest challenge in this area?

**Ms. Moya Greene:** It is not an equal playing field; that is the problem. We have the responsibility to offer service to all Canadians at a set price, and as a result, our cost structure is much higher than it would be if we did not have this type of responsibility. Foreign postal administrations do not have this responsibility. Therefore, what they do is cherry picking: they pick the cherries from our market and they have no responsibility in that regard. It is not balanced.

Free trade is a good thing if it happens in an orderly fashion on a level playing field and if all of the stakeholders have the same responsibilities and the same business opportunities. This is currently not the case. If you give foreign postal administrations the most profitable part of our market while they have no responsibility to deliver the mail in Canada, we will no longer have the means to serve Canadians.

Remailing is illegal because it's not happening on a level playing field.

• (1715)

**Mr. Mario Laframboise:** What do your losses add up to?

**Ms. Moya Greene:** We estimate our losses to be from \$60 million to \$80 million per year, and it is the most profitable part of the business.

**Mr. Mario Laframboise:** All right. Therefore, this directly affects your—

**Ms. Moya Greene:** This directly affects the means that you, parliamentarians, have given us to meet our commitments to all Canadians.

**Mr. Mario Laframboise:** What advice would you give us? Would you advise us to allow you to appear before the courts and see what happens?

**Ms. Moya Greene:** No, we would advise you to study the situation overall, and not one single aspect of it. Otherwise, the same thing will happen in Canada as happened in the United Kingdom:

you will have a crown corporation that no longer works. We will find ourselves back in the time when the corporation lost millions of dollars per year. That can happen very quickly.

[English]

**The Chair:** Mr. Allen.

**Mr. Mike Allen (Tobique—Mactaquac, CPC):** Thank you very much, Mr. Chair.

I have just a few questions. It's good to see you eye-to-eye for the first time.

I must say that last year, when you cut off rural service in my riding, you galvanized a community as I've never seen one galvanized before. In the public information sessions we had people swinging from the chandeliers.

You said in your opening statement that you are not a safety expert, but at the same time, when these services were cut off last year there were no criteria or anything used to cut them off. People were given their one-day notice and told to go pick up their mail at a post office.

**Ms. Moya Greene:** Mr. Allen, you know that's not true.

**Mr. Mike Allen:** It is true. And in the absence of the unanimous vote in this House and our directive, I'm a little bit concerned about where we'd be going and where we'd be sitting right now without that.

I have a couple of questions.

I've seen your traffic tool that you're using to assess these, and there are some reasonable things there, but I'm not seeing that it looks at the high-level kinds of things. I'll use two examples. One of the highways in New Brunswick was cut off for service, but there's a new four-lane being built. The traffic on that highway will be reduced by 90% next year, and nobody even knew that. The second thing is that there was a route out there that was a dead end. Traffic goes by at maybe two cars a day. I don't understand the common sense of that.

Given that, if these places are so unsafe, then why isn't DOT asking people to move their driveways? Why are school buses going there? Why is garbage being picked up and flyers? Maybe you can help me understand the common sense or lack thereof in the decision-making process of Canada Post.

• (1720)

**Ms. Moya Greene:** Well, the first thing is we did not cut off service. An individual exercised their legal right under Labour Canada safety laws to refuse to work because that individual believed the work was unsafe.

**Mr. Mike Allen:** I think you should go back and check your Penniac records, because I don't know if that's true.

**Ms. Moya Greene:** I don't know, sir, if it was in exactly your territory, but in Fredericton, I know there was a legal refusal to work.

**Mr. Mike Allen:** I talked to the driver. He didn't refuse. So go on.

**Ms. Moya Greene:** We would never just cut off someone's mail. In fact, the approach that we now take with our people is if you feel that a situation is unsafe, don't refuse to work right away; at least give us an opportunity to go look at it.

In terms of common sense, I don't know every single situation, but I can tell you that if it's safe, Mr. Allen, we will be restoring service. We are going to deliver mail to the lot line in rural Canada in every safe case we can. And I believe that the traffic assessment tool that we have today is a more precise and refined tool developed with the best safety expertise that we could find, and I believe that you're going to see that every safe box has lot line delivery. So if these commonsensical situations are as you describe, then you can feel confident that if there is no safety issue, lot line delivery will be restored.

**Mr. Mike Allen:** I'm going to turn the rest of my time to Mr.—

**The Chair:** You're just within a few seconds, so I'm going to defer to Mr. Bell.

**Mr. Don Bell (North Vancouver, Lib.):** Thank you. I'm going to share my time with Mr. Bélanger.

I would like to start off by Mr. Temelkovski's question. What percentage of the 27,000 rural boxes did not meet the safety requirement standard?

**Ms. Moya Greene:** I believe it was about 55% failed on the first go, but depending upon the route, some portion of that 55% that failed on the first go could be made safe by customizing a little bit, by moving the box a little bit. So that's not the ultimate number. In some cases, with a more precise safety tool, we're seeing that about 68% of the boxes are safe. Now mind you, that's a small sample of the 840,000, from a traffic safety point of view.

**Mr. Don Bell:** Okay.

Now to the question on remailing. Can you compete with the private remailers' rates at what they charge now? When you say it's \$70 to \$80 million profit—

**Ms. Moya Greene:** No, \$70 million to \$80 million of revenue.

**Mr. Don Bell:** Of revenue.

**Ms. Moya Greene:** It's probably \$40 million of profit.

**Mr. Don Bell:** Can you compete with their rates?

**Ms. Moya Greene:** No.

**Mr. Don Bell:** So do you believe that the volume of remailing will drop because the rates will go up and then companies will not come into Canada to have it done here or will ship it and will not do this?

**Ms. Moya Greene:** No. What the remailer does is they pick up commercial mail in Canada, they induct it in a foreign post. They improperly use universal postal organization rates that apply to third world countries, which are lower, in order to offer a lower price in Canada. So on the basis of informal discussions I had with some of the foreign posts that are the remailers, I think they will exit the market as the Supreme Court has told them to do.

**Mr. Don Bell:** Okay. My final question is—

**Ms. Moya Greene:** We end up having to deliver the mail.

**Mr. Don Bell:** Okay. I've only got two minutes.

I'm going to follow up on Mr. Lemay's question. I think it was Mr. Lemay. He asked about closing post offices, and the one he referenced was closed even though it was profitable. Is there a minimum profit or an average profit? In other words, if it makes a dollar in the year and it doesn't cost you anything, why not keep it?

● (1725)

**Ms. Moya Greene:** Because the cost structure of the company is very, very high. And as you know, we only make—even with the subsidiaries—2% earnings before tax as a very, very capital-intensive business with sorting equipment that is five generations old, with the network of facilities that we have, with the network of retail outlets we have, with the operating procedures we have—

**Mr. Don Bell:** Okay, I hear you.

I've got to turn my time and share it here.

Thank you.

**Hon. Mauril Bélanger:** I'll make an observation on this.

My first observation is that I believe in the necessity of what you call reserve market, or what I call exclusivity, if indeed you have the obligation of a universal service. With what I've heard today about this clash of perceptions, were I in the shoes of the management of Canada Post I would perhaps do a hell of a lot more than what's being done now to make sure that the universal delivery includes rural service and get over this hump fast; otherwise, the universality will be jeopardized because the exclusivity is going to be jeopardized.

My question relates to the C.D. Howe Institute commentary. Who initiated this? What was the impetus for this? Who is behind this? That's an important question, because to the objective observer this is the first stab at privatizing Canada Post. It's important to know who initiated this study.

**Ms. Moya Greene:** I think the C.D. Howe Institute looks at all kinds of issues pertaining to public ownership and regulation of markets and markets that are protected. I don't think it's a necessarily adverse thing to have a discussion in this day and age about those markets.

As you know, Monsieur Bélanger, a lot has changed in the world in the past eleven years. Europe has liberalized its market, some postal administrations have changed their corporate structure, and others have approached liberalization in different ways from what we have. I don't think it's a bad thing that the C.D. Howe Institute, which is a very reputable organization, would raise the profile of these issues.

**The Chair:** Thank you, Ms. Greene.

Mr. Chong, last comments.

**Hon. Michael Chong:** Thank you.

[Translation]

I have two questions and other comments to make.

[English]

My constituents are very upset, as am I. In our part of Ontario, in southwestern Ontario, we do not have much federal government presence. As a matter of fact, we have almost no federal government presence except for Canada Post, and Canada Post is failing in its obligation to deliver mail to rural mailboxes.

It's the sole presence of the Government of Canada, and we can't get it done. Frankly, it is an embarrassment. It is one of the most basic elements of a civilization, and I'm not one who's lent to hyperbole. The ability to carry messages from point A to point B efficiently and accurately has been the hallmark of civilizations for millennia, and we can't seem to do it.

I would also remind you that I hear all this talk of profit and the like, and having come from the private sector, I will tell you that you are not a for-profit private corporation. I really don't care about EBITDA. You have a single shareholder—that is the Government of Canada—and you have a monopoly. You have a sacred trust. The government has given you a monopoly—Canada Post—and in return, we expect that services will be delivered on less profitable routes, on routes that are far-flung in this country, in places like Nunavut, the Northwest Territories, Yukon, and rural mailboxes. We expect universality, and we expect the rural mail to be delivered. But if you break that sacred trust, then frankly I'm not sure why we have a monopoly.

I am one of these parliamentarians who believe in public delivery of services. I believe that crown corporations and the public service have a role to play in delivering services that Canadians need. But frankly, when I see what's going on in my riding and in Mr. Tilson's riding and in members of the opposition's ridings, I lose my faith in the ability of your corporation to deliver the mail on the basis of that sacred trust. Frankly, if you can't deliver the mail to the lot line, then maybe it's time for somebody else to do it.

This is something that is very important to many Canadians, and it's a very important basic ingredient of what it means to live in a civilized society. So when I hear things like you're going to deliver the mail and restore it, I hear the proviso that it's to every safe mailbox, but maybe the problem is your definition of safe.

The other thing I'd add is about presenting statistics to the committee. My thoughts and heart go out to those employees affected, but when I hear things like 34 accidents and two fatalities, if I tell you that there were 34 accidents and two fatalities yesterday in this country involving Chevrolet Impalas, that doesn't tell me anything. I think there needs to be a little more forthrightness with this committee when it comes to stats like that and when it comes to telling the committee that you're going to restore mail delivery to every safe mailbox.

I've been hearing this for months now, and frankly I am one of these parliamentarians who are losing confidence in the ability of Canada Post to deliver what is an essential public service to hundreds of thousands of rural Canadians. In testimony in front of this committee, you said that 68% of the mailboxes assessed to date are safe. Therefore, 32% have failed. If that's the trend for the rest of

the 840,000 mailboxes in this country, that means 240,000 Canadians are going to have their rural mail delivery removed. That is not something that, in my view, is acceptable.

Thank you, Mr. Chair.

● (1730)

**The Chair:** Ms. Greene, I'll give you one minute to respond.

I'm sorry for the timing.

**Mr. Gordon Feeney:** We need to respond to that.

**Ms. Moya Greene:** This, in my opinion, is a very unfair attack on the great work the company does. We deliver the mail in all kinds of weather, at all times of the year, in all kinds of geography, 14 million boxes every day in this country, and 96.3% of deliveries are on time. So worried are we about how rural Canadians, in particular, think about the service Canada Post is delivering, we have done surveys of them. We find that 88% of rural Canadians vote Canada Post service is excellent. In the province of Quebec just two weeks ago, we were named the third most respected company in the province.

So when you say that Canadians are losing confidence, that is a great worry to me, Mr. Chong. In your area, I do not know what else we can do to help you appreciate the work that has gone into the safety tool. I understand that some of our people have gone through the tool with you, have visited your riding and brought the tool there and shown how it is applied.

The other thing I would say is that even in places where service has been disrupted—which is an awful thing—90% of Canadians, once they have had the issue explained to them, come to understand it. While we are determined to make sure that lot line delivery continues, we can only do so within the safety framework of the Government of Canada. We cannot do so while putting people's lives at jeopardy to deliver mail in Canada, Mr. Chong. We cannot.

**The Chair:** Thank you, Ms. Greene.

With that, I will thank you and Mr. Feeney for attending today and answering the questions of the committee. I know there's another event booked here, and we're already five minutes past our time, so thank you again.

The committee will meet again on Wednesday.

Mr. Volpe, we have another group coming in here, so please be quick.

● (1735)

**Hon. Joseph Volpe:** Maybe I could ask it afterwards.

**The Chair:** Okay. With that, the committee is adjourned.







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